DESCARTES™

FEATURE

EMBRACE OPPORTUNITIES

WITH ROUTE OPTIMISATION IN 2023

In line with recent years, 2023 promises to be another difficult year for road transport operations in retail and last mile delivery. Existing challenges such as rising costs, driver shortages and an uncertain economic outlook are exasperated by the pressure to meet future environmental targets. What if you could not only streamline operations but achieve efficiencies, increase capacity, improve service AND unlock transformative potential? Adopting the right technology provides an opportunity to drive business efficiency, improve customer service and reduce CO2 emissions. The challenges for road transport operations are a catalyst for change that should not be ignored.

Well-documented pressures from companies that failed to prepare for Brexit, the Covid-19 pandemic and the Russian invasion of Ukraine, have taken a toll on the whole British economy and have had negative consequences on slow-to-adapt logistics businesses. However, with such relentless economic 'headwinds' we are seeing exciting countermoves by some retailers and carriers utilising technological innovation that optimise processes for operational efficiencies. The accelerated changes forced by necessity in a fast-changing marketplace have given rise to transformations that streamline operations and maximise deliveries in finely tuned and optimised routes. Increasing delivery density complicit to regulations and with better customer service, is more than balancing the scales in an unfair fight, for companies investing in transformation.

Exploiting the advantages of state-of-the-art technology for route optimisation and delivery scheduling has led to knock-on benefits that go beyond saving money, such as improving service, generating new income streams from value added services such as installation, and minimising the carbon footprint by reducing CO2 emissions.

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Whilst pressures may escalate for 2023, with further price hikes, unstable markets, supply side challenges and economic uncertainty, making efficiency gains with smarter route optimisation technology means not only avoiding 'death by a thousand cuts' but returning an attractive return on investment (ROI).

For strategic planning decisions, Descartes' software enables testing delivery options in a 'sandbox' environment to ensure the best delivery strategy is deployed. It's possible to play with planning in ways that were previously unthinkable in order to find winning outcomes, even before a single driver has turned a key.

THE COST-OF-TRUCKING CRISIS

The external factors bearing down on the road transport sector are a serious matter, fuel prices and driver salaries having the most immediate impact. Diesel for hauliers has become a heavy burden on budgets. Following directly on the heels of the pandemic's effects, the war in Ukraine has subsequently increased the price of crude oil further. Annual diesel costs for haulage companies have been reported to rocket against 2021 costs, with a company running 2,000 HGVs estimated to spend nearly £12 million more on fuel for their trucks compared to 2021*.

Luring and keeping qualified drivers has become another drain on budgets as salaries and incentives increase. The RHA Haulage Cost Movement report, based on an autumn 2021 survey, observed the cost of hiring drivers typically increased by 50%.

From tyres and maintenance to admin and premises rent, the combination of increased costs has the potential to strangle businesses. This escalation in spending means that nearly a third of hauliers in the UK have a Delphi Risk score in the 'maximum risk' category, which shows that a vast number of companies are balancing precariously on the edge of collapse.

It is essential when engaging in an improvement strategy to drive meaningful efficiencies, including reducing the miles that are driven, and the time in the driving seat, whilst simultaneously increasing the number of deliveries. The positive news is that technologies to achieve this are available and proven. Descartes' software solutions for fleet operations will reduce miles per delivery and increase delivery density, achieving maximum delivery capacity with the drivers and vehicles available.

Far from being simply a map to follow, the software's artificial intelligence reacts in real-time when faced with in-the-moment disruption. The software computes all that's necessary to make a delivery schedule as efficient as it can possibly be. It calculates distances between deliveries, speed and directional flow, cost of transportation, drivers' hours and rest requirements and can take into account clean air zones and route restrictions, all in a moment.

For all road transport operations, there is the chance to turn around the significant challenges of the day into a new business opportunity, to completely reinvent operations for the better. Of course, achieving more deliveries in fewer miles means less fuel, servicing and maintenance costs but more than that, route optimisation technology can improve the way a business operates in almost every way and customers will notice.

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TIMELY TECHNOLOGY DELIVERS CONFIDENCE

Advanced route optimisation and scheduling software by Descartes empower transport operations with a flexible, but highly detailed delivery strategy. Customers are happier with the delivery service as the software allows them to select costed time slots for delivery that are most convenient for them at a price they are prepared to pay at the point of sale. The beauty of optimisation will frequently be in the dexterity it demonstrates for last-mile delivery services, which can also be responsive to real-time changes.

The transparency and accessibility of the service mean customers' satisfaction will be higher because customers will always know where their purchased goods are in the delivery chain and when they are expected on the doorstep or depot.

For b2b and b2c, meeting delivery slot prediction times provides real confidence to customers. Across the channel in France, as a real-world example and case in point, Agediss used Descartes route optimisation software to sustain an enviable reputation amongst its customer base, as well as provide seamless delivery on the most optimal routes.

Agediss specialises in delivering heavy goods generally over 30kg from e-commerce platforms for both b2b and b2c, for example to shops or individuals, operating in France and Belgium. With 38 regional distribution platforms, tight, exacting planning and coordination is a must. It is the largest distribution network for this service in France. Focusing on smart strategic routes for last-mile delivery slots is a key concern for optimisation and was a premise for adopting new technology.

Whilst Descartes vastly improved the precision of the delivery service, there was also a significant 5% cost-saving improvement.

Nicholas Tellier, CEO of Agediss, said:

"We realised that today's online customers are increasingly demanding and value a good customer service. The most important thing for them is not to be delivered as quickly as possible but to be delivered reliably in a two-hour time slot. The Descartes tool enables us to guarantee the reliability of deliveries and to fulfil our commitment to our customers. The Descartes tool has several benefits, firstly it will enable customers to book a two-hour delivery slot when they book orders on a website. Secondly, it will allow us to optimise our delivery routes to ensure the delivery within the selected time slot. Finally, it also reduces the mileage covered by our vehicles which fits into our environmental policy."

A similar example of the twin benefit of optimised delivery routes and customer satisfaction can be seen with Brook Furniture Rental.

Nathan Sanders, President and CEO of Brook Furniture Rental said:

“Descartes Route Planner and the Track-My-Truck feature have been a huge win for our customers, enabling us to give them flexibility, responsiveness, and transparency they expect and deserve, while also reducing our overhead costs and boosting fleet productivity to drive growth. Delivery improved more than we expected, faster than we expected and it’s made life easier and more efficient for our customers and internal teams alike.”

The company achieved OTIF (On-time In Full), of 97%, reduced paperwork by 75% and post-implementation, customers stopped contacting the company and chasing their delivery times by as much as 50%.

The strategy pays off literally and elevates the reputation of the brand in the process with precision timing as standard for deliveries.

CLEAR PATH FOR CARBON REDUCTION

One large ‘elephant in the room’ facing transport operators is future-proofing their fleets with the pressure of industry-wide sustainability milestones set into policy. Route optimisation can also play an important part on the road to net zero.

The transport sector has been the second-largest source of greenhouse gas (GHG) emissions in the UK for around three decades, pipped only by the energy sector which has the most polluting track record, according to Statista. The UK Government has declared it intends to cut emissions by 78% by 2035 when compared to 1990 levels and road transport operations will need major transformation and reinvention to accomplish this. Carbon reduction is a government policy that no haulier can afford to ignore.

To be clear, optimisation software can reduce environmental impacts today, by not wasting miles on unnecessary return trips and badly planned routes but the transition to alternative fuel or electric fleets must also be factored in for future planning.

Apart from adapting the vehicles, considerations such as planning routes with the most convenient recharging points will need to be considered. This is where logistics software can play a vital role, in plotting and calculating recharging stops for optimal strategies on longer runs. Charging infrastructure will grow and a system that updates with changes will be an advantage. There is also the advantage that vehicle telematics systems can relay information about a vehicle’s battery back to the head office, to report the available range. Whatever the mix of vehicles used now and in the future, the route optimisation and scheduling software will accommodate the capabilities within the fleet to produce the most efficient delivery routes.

Further to this, factoring in and navigating clean air zones, which are now in many city centres and urban areas, is a simple task for route optimisation. Those operators with diverse fleets can be selective with the vehicles they use for these areas or the times they choose to travel in them.

LESS WORK, MORE PROFIT

Beyond the obvious advantages, there are plenty of peripheral ones with Descartes’ extensive fleet software solutions, from verifying drivers’ licenses to photographic evidence of deliveries, vehicle safety checks and drivers’ hours compliance and these kinds of marginal gains add up to make significant accumulated time and money savings. It’s clear that relying on manual methods will no longer be competitive against the technological solutions that exist.

Road transport operations will feel the weight of cost burdens in 2023, so enabling a strategy for success that boosts business performance whilst making savings is a ‘must-have’. With Descartes’ software solution for optimising routes and deliveries, transport operators will be enabled to cut the costs associated with waste, idle time and excessive travel, all in one move. For those who have adopted route optimisation software, the opportunity has already been realised, for those who are yet to, it could not only make the numbers make sense, but it could also protect company resources, slash emissions and bolster customer loyalty.

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Descartes route optimisation software is cloud-based and easy to use for everyone from the fleet manager to the delivery planners. It will save money, enable value added sales, and make your business flow whilst increasing customer satisfaction. With the challenges of 2023 understood, the efficiencies of optimisation will keep you on the road and in the black. Find out more here: **https://routinguk.descartes.com/**

SOURCES:

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